INDUSTRY NEWS | MINERAL FINANCE | CARIBOU & PROTECTION | FEDERAL BUDGET | 90 YEARS OF HISTORY

CORE

THE VOICE OF MINERAL EXPLORATION

SUMMER 2022

PDAC

PDAC 2022 CONVENTION

HIGHLIGHTS FROM THE RETURN TO THE WORLD'S PREMIER IN-PERSON EVENT

CORE

SUMMER 2022
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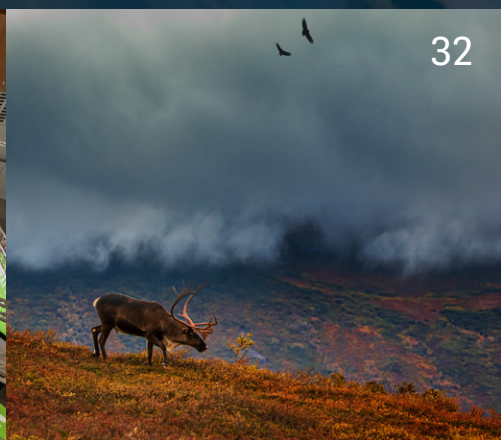


INDUSTRY NEWS

SUMMER 2022

NATIONAL INDIGENOUS HISTORY MONTH

In 2019 Canada first declared June as National Indigenous History Month to fully reflect, recognize and celebrate the heritage and resiliency of First Nations, Inuit and Métis Peoples. On June 21, 2021, the federal government passed legislation to adopt the principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) into Canadian law. This is a national commitment to seek the free, prior and informed consent of Indigenous communities on developments affecting their lands.

PDAC has long advocated for Indigenous inclusion and community support. PDAC's own Indigenous Affairs Program helps to create positive relationships between the mining and minerals industry and Indigenous communities.

This is why it was exciting to see that the Province of British Columbia took a major step towards reconciliation by signing with the Tahltan Central Government a landmark consent-based agreement under Section 7 of the *Declaration on the Rights of Indigenous Peoples Act*.

FEDERAL BUDGET 2022

The 2022 Federal Budget represented a significant milestone for PDAC's efforts to positively affect change and proactive responses from the Government of Canada. PDAC's top recommendations were to enhance the flow-through share mechanism for critical minerals exploration, and double the current Mineral Exploration Tax Credit (METC). The government responded by launching a new 30% CMETC for critical mineral exploration in Canada available until 2027 – three years beyond the current METC deadline of 2024. This is only the second time Government has announced a multi-year extension of the tax credit, which has long been championed by PDAC.

Budget 2022 also includes $103 million to support Indigenous participation in natural resource development.Over the next five years this funding will go towards building a National Benefits-Sharing Framework for natural resources and support for the Indigenous Resource Partnerships Program.

The Budget additionally committed to increasing funding to Natural Resources Canada (NRCan) by nearly $80 million over the next five years. This budget increase for NRCan was also the result of PDAC's call to action in this sector.

With an overall commitment of $3.8 billion for the industry the 2022 Budget is applauded by PDAC for increasing Canada's potential to become a global leader of sustainability and critical minerals, contributing to the transition to a low-carbon future.

NATIONAL MINING WEEK 2022

Between May 9 Aand 13 this year we celebrated National Mining Week by strengthening our commitment to advancing equity and diversity in the industry. Together with Natural Resources (NRCan) Canada and The Mining Association of Canada, PDAC co-hosted the 2022 Mineral Outlook Dialogue. This event highlighted the industry's role as a sustainable and responsible supplier of the minerals and metals needed to build a clean, inclusive economy that benefits all Canadians.

Contributing $106 billion to Canada's GDP every year and providing over 719,000 employment opportunities, the mining industry is also the largest private sector employer of Indigenous peoples on a proportional basis. PDAC's ongoing advocacy focuses on several key areas that are critical to Canada's mineral sector, including access to land, Northern development and infrastructure, geoscience and innovation, Indigenous Affairs and more. Learn about our priorities as it comes to mining and exploration moving forward by clicking this sentence.

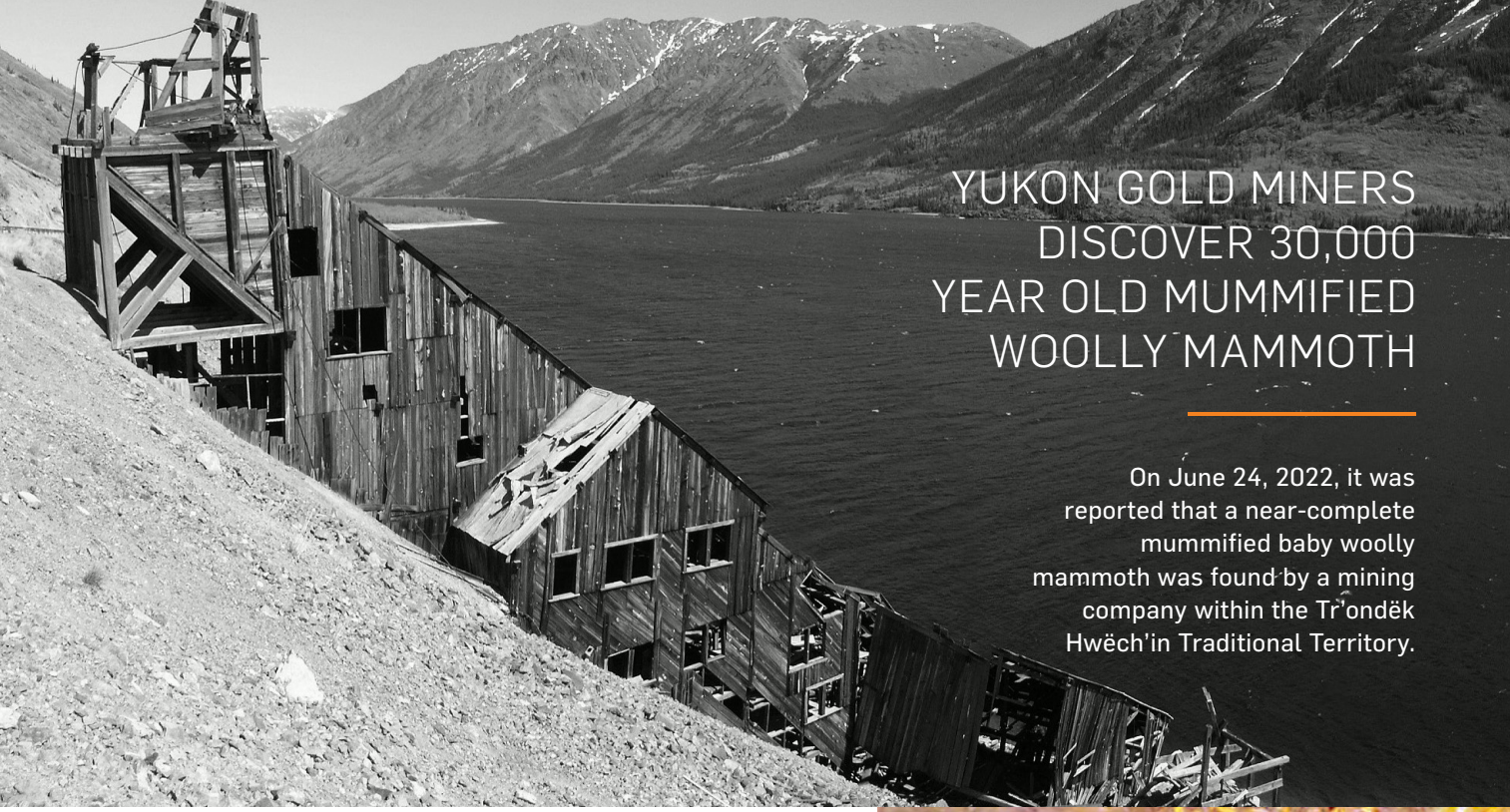
"As the world shifts to a greener, more connected and more tech-driven economy, there's no question that demand for critical minerals will increase."
- Greg Rickford
Minister of Northern Development, Mines, Natural Resources and Forestry

ONTARIO'S CRITICAL MINERALS STRATEGY 2022-2027

On Thursday, March 18, Premier Doug Ford unveiled the province's first-ever critical minerals strategy. The strategy's goals over the next five years is to position Ontario as a leading provider of raw materials for high-growth sectors such as smart technologies, medical devices and electric vehicle batteries and components.

As well as creating a framework that makes clean technologies and the environment a priority, building partnerships with Indigenous communities is also one of the pillars of the province's strategy. This includes economic opportunities for participating First Nations, with the province highlighting during their announcement the continued benefits of Resource Revenue Sharing agreements that were signed with tribal councils and governance bodies. An example is Grand Council Treaty #3 with the Wabun Tribal Council and Mushkegowuk Council, representing 35 First Nations, through which the province says it has shared more than $93 million from mining taxes, royalties and forestry revenues since 2018.

Ontario is also investing $24 million into the existing Ontario Junior Exploration Program, which includes $12 million for a critical minerals funding stream. $5 million will also be invested over two years in a new critical minerals innovation fund, aimed at research for extraction and processing in northern Ontario.



YUKON GOLD MINERS DISCOVER 30,000 YEAR OLD MUMMIFIED WOOLLY MAMMOTH

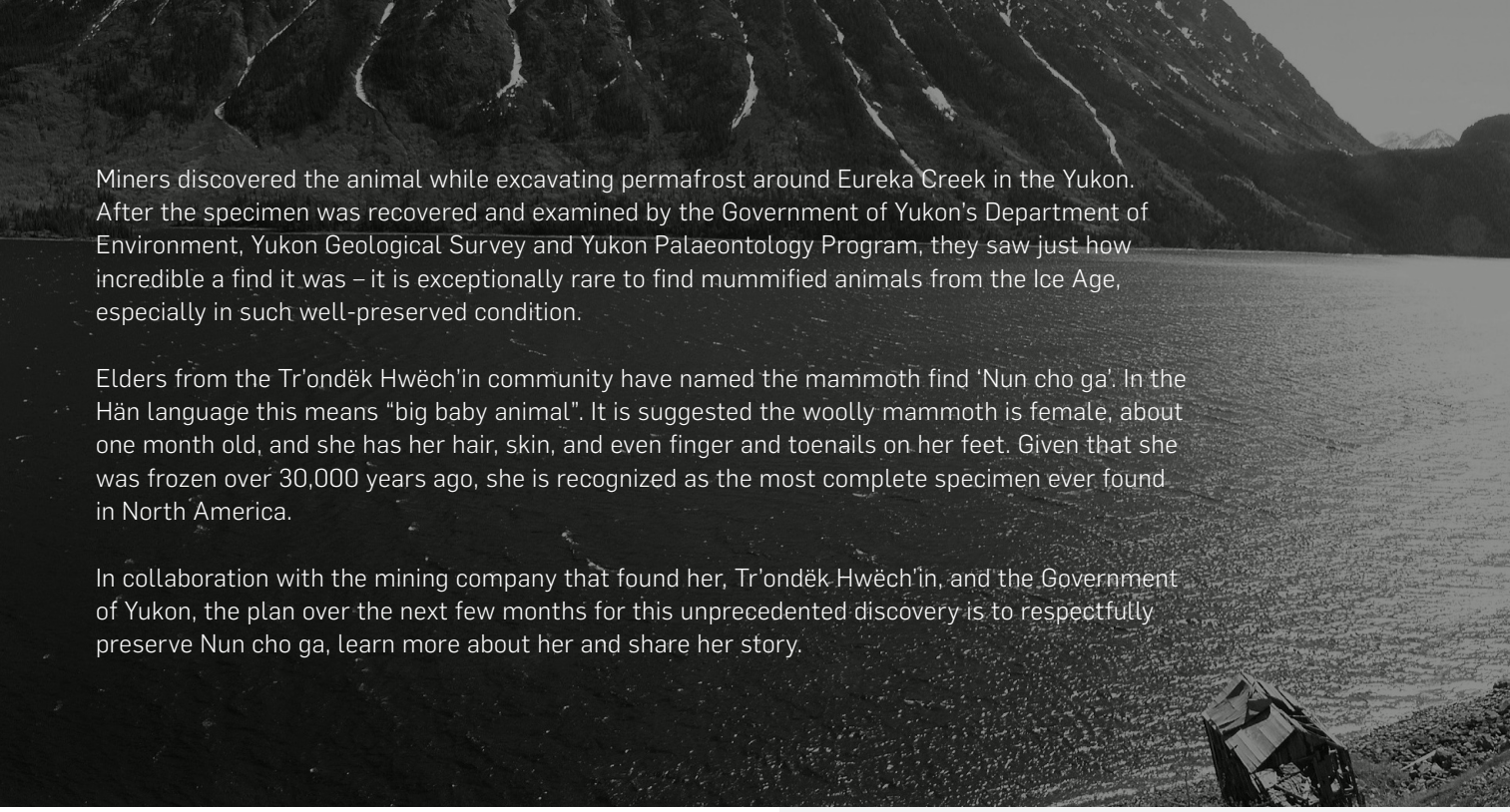
On June 24, 2022, it was reported that a near-complete mummified baby woolly mammoth was found by a mining company within the Tr'ondëk Hwëch'in Traditional Territory.

CMHF NAMES ITS FIRST BLACK INDUCTEE

Out of 195 inductees over its 33 year history, the Canadian Mining Hall of Fame has awarded its first black nominee. Named "Mr. Miner" in 1996 by the Yukon Prospectors Hall of Fame, Peter Risby has been recognized for his trail-blazing contributions to the industry in a career that spans decades.

Originally born in Kansas in 1931, Risby's parents fled north to a Cree community in Alberta, Canada to avoid persecution in America. Growing up in this community, Risby also became a residential school survivor – however that experience lead him to become a leading advocate for Indigenous inclusion in the mining industry. After developing the Indian River gold mine (which became a major contributor to Yukon's economy), he taught prospecting courses to Indigenous students, and was even one of the first developers in Canadian history to hire women for exploration programs.

The CMHF is a charitable organization that selects and awards outstanding individuals in the mining industry who are recognized for their leadership within the industry, and serve as inspirations for the next generation. Risby will be awarded at the 2022 CMHF Gala Dinner & Induction Ceremony on Thursday, August 18, 2022, in Toronto.



Miners discovered the animal while excavating permafrost around Eureka Creek in the Yukon. After the specimen was recovered and examined by the Government of Yukon's Department of Environment, Yukon Geological Survey and Yukon Palaeontology Program, they saw just how incredible a find it was – it is exceptionally rare to find mummified animals from the Ice Age, especially in such well-preserved condition.

Elders from the Tr'ondëk Hwëch'in community have named the mammoth find 'Nun cho ga'. In the Hän language this means "big baby animal". It is suggested the woolly mammoth is female, about one month old, and she has her hair, skin, and even finger and toenails on her feet. Given that she was frozen over 30,000 years ago, she is recognized as the most complete specimen ever found in North America.

In collaboration with the mining company that found her, Tr'ondëk Hwëch'in, and the Government of Yukon, the plan over the next few months for this unprecedented discovery is to respectfully preserve Nun cho ga, learn more about her and share her story.

PDAC BOARD MEMBER ELECTIONS & VOLUNTEERS

At its Annual General Meeting, hosted virtually on March 22, 2022, PDAC approved the election of eight members to its Board of Directors. Some of the eight individuals were re-elected to their seat, with the rest being new members – bringing a wealth of experience and insight to the table. "*Based on their extensive experience, this diverse group of industry leaders will help PDAC deliver success for the industry, which is always at the heart of what we do*", says PDAC President Alex Christopher. The incumbent and new members of the board will give their time and expertise to help elevate the work of the Association, while affecting positive change in the industry.

Did you know that PDAC is a not-for-profit group guided by 16 committees that are made entirely of volunteers including its board members?

PDAC is the leading voice of the mineral exploration and mining industry – influencing government policies, health and safety, Indigenous affairs, forward-thinking sustainability practices and more – none of which would be possible without our amazing volunteer network. National Volunteer Week was April 24-30 and click this sentence to learn about our volunteer committees including (among others) Health & Safety, Geoscience & Innovation and Sustainability.

CELEBRATING EARTH DAY 2022

Annually held on April 22, Earth Day has been a growing global movement for awareness and environmental change since it was first introduced in 1970 in the United States.

In Canada in 2003 – over 20 years ago – PDAC introduced its "*e3 Program: Excellence in Environmental Stewardship (EES)*". This program is one of PDAC's cornerstone corporate responsibility initiatives.

The program is now "*e3 Plus: A Framework for Responsible Exploration*". This is a series of policies, tools and resources that help the mineral exploration and development industry elevate its environmental stewardship and performance, reduce carbon emissions, and increase energy efficiencies in accordance with key regulatory changes in Canada.

More information on PDAC's commitment to responsible exploration and the resources we provide that guide our members to reduce their environmental impact can be found at **pdac.ca**.

90 YEARS

KEY MOMENTS THAT SHAPED PDAC'S NINE DECADES OF HISTORY

1932 — FIGHTING THE GOOD FIGHT IN THE GREAT DEPRESSION

Walter Segsworth, a mining engineer during the Great Depression, held a meeting in Toronto to fight a proposed Ontario bill requiring prospectors filing a work assessment to have sign-off by a mining engineer. Walter's group successfully lobbied the government to not pass the bill.

1933 — THE OPDA AND DINNER FOR $1.25

The association's name becomes the Ontario Prospectors and Developers Association (OPDA) with 900 members. Annual meetings continue through the 1930's and while there are no membership fees during this time, meetings are followed by dinner and dancing for $1.25 per person.

1938 — THE DEFEAT OF SECTION 32-B

Section 32-B of the *Income Tax Act* would have made all prospectors' equity in a property become income. This was set to become taxable, along with any shares a prospector was to receive. The association fought and defeated this proposed Section.

1943 — "WE LEAD"

In 1942 the OPDA's annual convention had over 150 attendees, guest speakers and other events, and became a full-day event for the first time. By the winter of 1943 it grew into a two-day affair. With this growth and success, the association's motto becomes: "We Lead".

1965 — THE ASSOCIATION ALMOST DISAPPEARS

In 1965 the Ontario Securities Commission moved towards eliminating junior mine financing, which forced the association to almost completely disappear. Thanks to the work of future award-winner Bill Dennis and others, the association survived.

1978 — AN AWARD-WINNING PROSPECTING EVENT

The association's first annual awards ceremony was held, with the introduction of the "Bill Dennis Prospector of the Year" Award. Named after W.W. (Bill) Dennis – a PDAC past president and 1977's 'Prospector of the Year' – the award is given to individuals within the industry who are recognized for "a Canadian discovery or prospecting success".

DID YOU KNOW?

From 1944 to 1964 **Viola MacMillan** was President of the association. This is notable not just because she was a woman in a predominantly male-dominated industry, but also because she holds the longest term as president in the association's history. Although a trading scandal was responsible for her stepping down in 1964, she was ultimately pardoned and made a Member of the Order of Canada.

> Those of us who are old enough to have lived through the sweeping changes in the world...have experienced a significant shift.
>
> **- Alex Christopher**
> PDAC President

1983 — FLOWING THE FIRST FLOW-THROUGH SHARES

In previous years the association pushed through a 100% flow-through share write-off into law. In 1983, Canamax Resources Inc. and John Hansauld, a former president of the PDA – as the association is now known – organized the first ever issuing of these shares. Over the next six years $3.75 billion was raised via flow-through share financing.

1987 — A NAME CHANGE... FOR THE LAST TIME

After more than 50 years of member and organizational growth, positive governmental and environmental influence, as well as several name changes (the previous one in 1957) the association officially becomes the Prospectors & Developers Association of Canada (PDAC).

1992 — THE LARGEST OF ITS KIND

After 60 years, the annual convention is open to global attendees. In 1992 it was attended by 2,300 delegates with 37 individuals travelling from other countries. A few years later the Convention attracts 14,500 attendees and became the largest international showcase for mining and exporation in the world.

2008 — INDIGENOUS INCLUSION

PDAC and the Assembly of First Nations sign an historic Memorandum of Understanding for cooperation between the two organizations. This agreement laid the groundwork for proactive engagement, responsible mining practices, social and economic support, as well as contract opportunities for communities.

2012 — A NEW RECORD

After 20 years of the convention being open to the world, 2012 saw the largest attendance in its history: 30,369 attendees from 125 countries. The following year, PDAC used the Convention venue to launch its new brand featuring the logo, the first ever Annual Report, and the first quarterly magazine named *CORE*.

2018 — A STRATEGIC PLAN FOR THE INDUSTRY

Continuing the association's mandate of creating a more positive and inclusive industry, PDAC launched its new Strategic Plan, focussing on elevating four key areas for Canadian prospectors and miners: leadership, engagement, competitiveness and influence.

2021 — THE SHOW MUST GO ON

With COVID-19 still a global pandemic, the PDAC 2021 Convention was successfully held as an entirely virtual event for the first time in its history. In June of 2022 the Convention returned in person to the Metro Toronto Convention Centre, followed by another two full days of online programming and virtual events.

MINERAL FINANCE 2022

A CRITICAL YEAR FOR THE MINERAL INDUSTRY

The past year was characterized by starts and stalls related to pandemic recovery efforts with the impacts felt throughout the economy and global financial markets in 2021. This played a significant role in metal price trends, as well as in financing for mineral exploration and associated expenditure levels.

Here we outline 2021's relevant trends and provide insight on key markers within the mineral exploration and development sector from the past year.

METALS PRICE CHANGE

After trending downward for three consecutive years since 2018, key battery metals such as cobalt and lithium led the pack in 2021 with 119% and 232% increases, respectively.

Iron ore and precious metal prices ended up in negative territory, however base metals earned some positive momentum and completed another solid year of material price increases.

Figure 1, seen on the next page, highlights the year-over-year (YOY) price changes seen in a broad suite of metals. For comparison, this figure includes both 2020 and 2021's data.

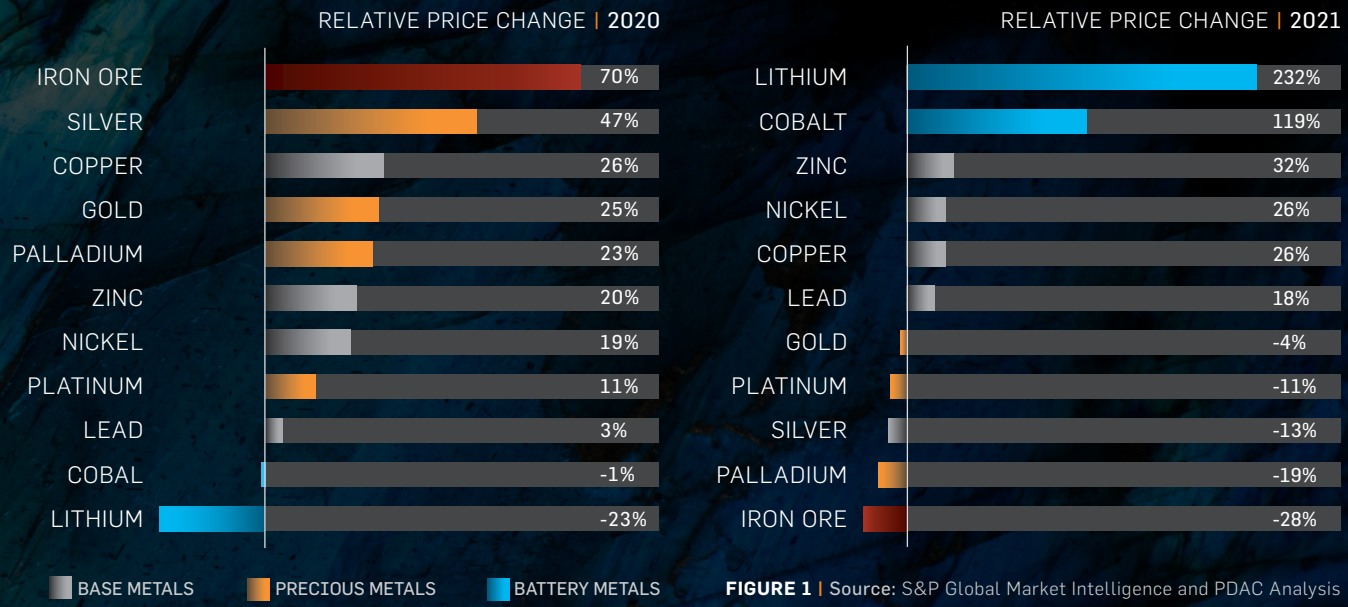


FIGURE 1 | **Source:** S&P Global Market Intelligence and PDAC Analysis

FINANCING

After a notable rebound in 2020, the total amount of equity raised in 2021 by the mineral sector continued to climb – increasing by 73% YOY. The aggregate amount raised in markets outside Canada almost doubled, significantly exceeding the 24% increase in equity financing on Canadian exchanges over the same time frame. This caused Canada's relative share of equity market activity to decline this past year. That said, the amount raised on the TSX and TSXV reached almost $10 billion (CAD) combined – the highest amount raised in a decade.

The next two figures, **Figure 2** and **Figure 3**, provide highlights on these financing trends for 2021. Specifically, **Figure 2** shows global equity raises, disaggregated by the region where funds were raised, and **Figure 3** presents flow-through share (FTS) funds raised on Canadian stock exchanges exclusively for domestic exploration.

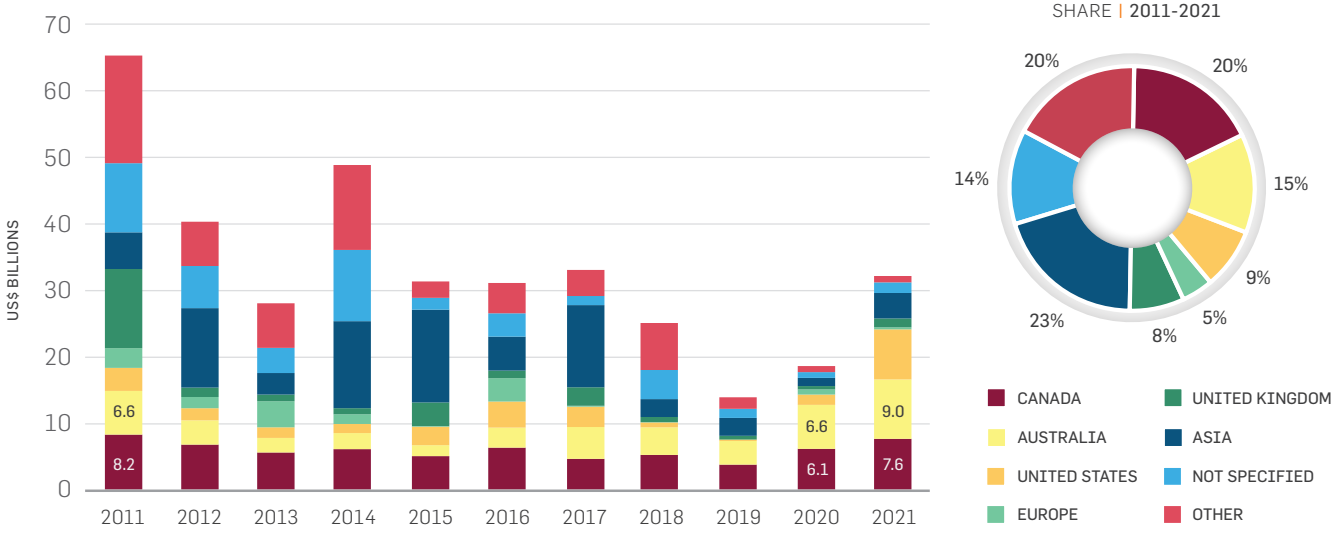


FIGURE 2 | **Source:** S&P Global Market Intelligence and PDAC Analysis

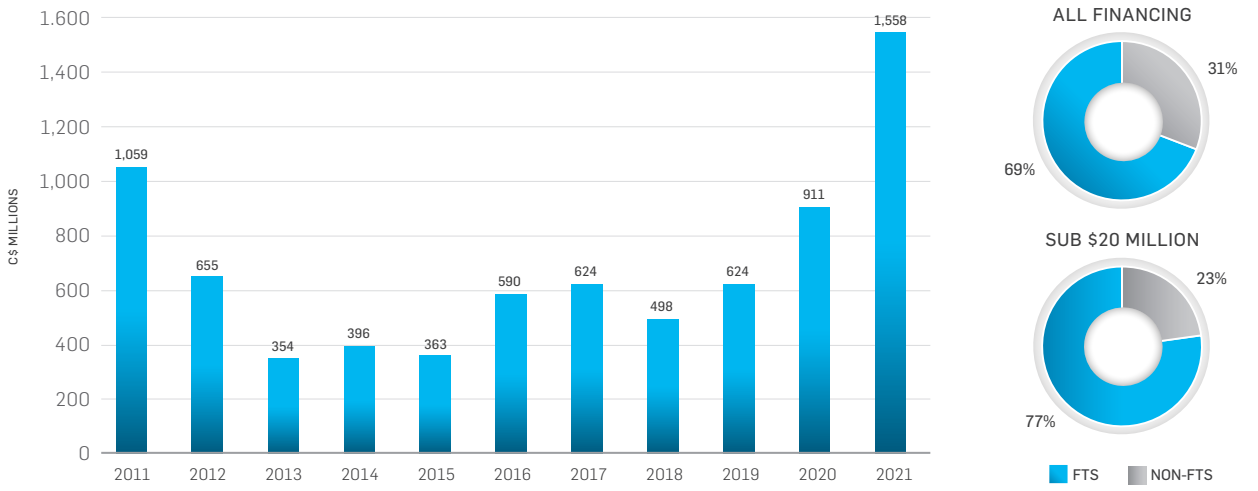


FIGURE 3 | **Source:** TMX Group, S&P Global Market Intelligence and PDAC Analysis

FTS funds have long represented a cornerstone of Canadian competitiveness, and the mechanism consistently generates significant domestic exploration activity each year. This fact was reinforced in 2021 as it represented an all-time high with respect to the amount of funds raised via FTS issuances. And based on PDAC analysis of Canadian financings, roughly 70% of all funds raised for domestic exploration over the past decade have been through the FTS mechanism. Moreover, the proportion of funding sourced from FTS increases to almost 80% for smaller transactions (sub-$20 million CAD), which is common among junior exploration companies.

EXPLORATION EXPENDITURES

Exploration spending in Canada jumped more than 60% YOY, and the proportion of global expenditures directed towards Canada moved up to approximately 19% – well above the low-point recorded in 2013. This increase led Canada to reclaim its position as the top global destination for mineral exploration. However, as the pie chart in **Figure 4** below shows, Canada has yet to reach the proportion of global activity recorded in 2008.

Figure 4 overall presents global exploration expenditures based on the region where they are spent. The graph reveals an estimated 35% increase in global exploration activity in 2021 compared to the year prior – the first increase in several years. This significant rise YOY is largely attributable to the upward price trend for most commodities, which sparked a robust financing environment in 2020.

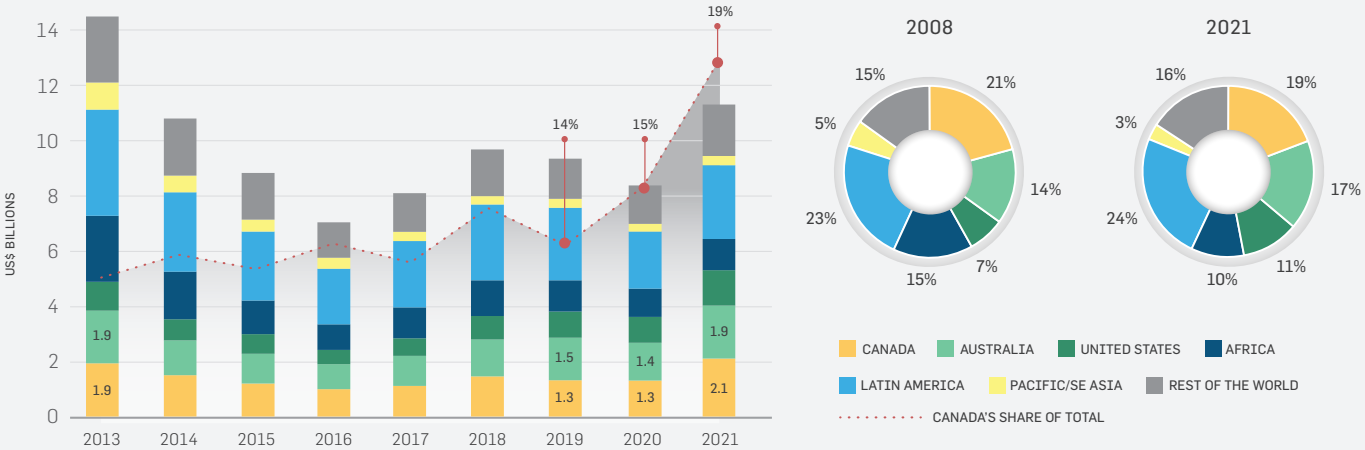
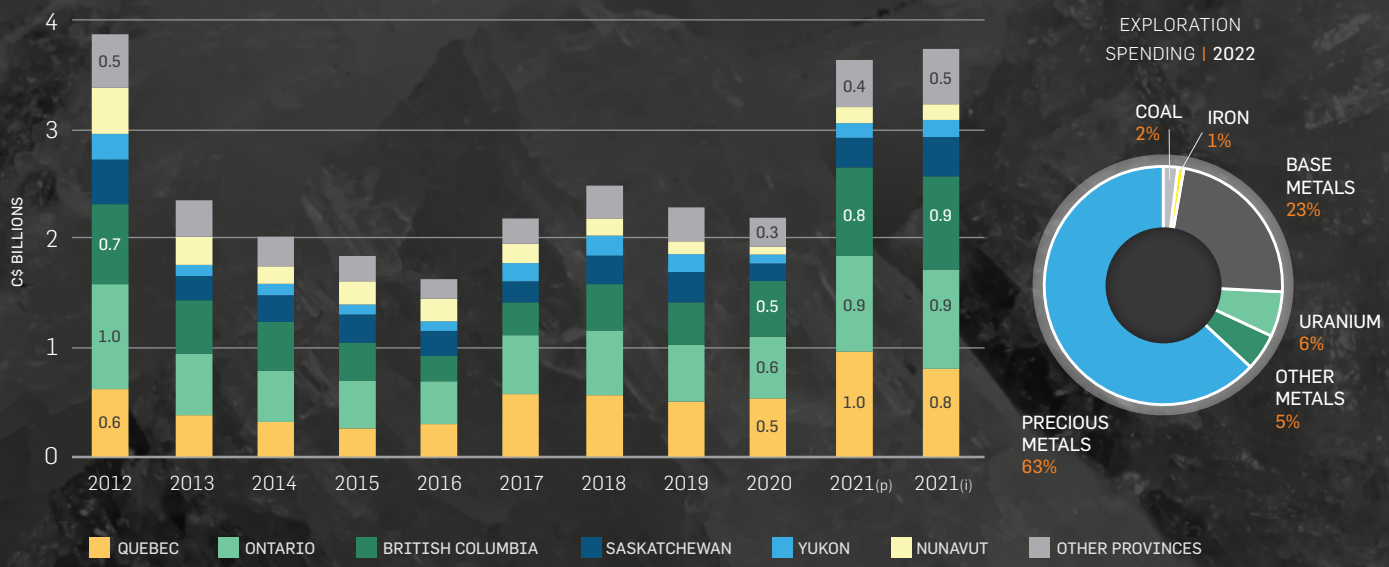


FIGURE 4 | **Source:** S&P Global Market Intelligence and PDAC Analysis

It is noticeable that expenditures levels in the past two years are the highest reported since 2012. To illustrate this, **Figure 5,** below, details domestic exploration expenditures by province, including spending intentions for 2022.

When looking at the pie chart on the right of **Figure 5**, we see that despite the increase in domestic spending towards less-traditional critical minerals like cobalt and lithium, it still represents only a fraction – just 4.5% of the overall spending on domestic exploration already seen in 2022 ($169 million out of approximately $3.75 billion).



*2021(p) - preliminary estimates; 2022(i) - spending intentions

FIGURE 5 | **Source:** S&P Global Market Intelligence and PDAC analysis

The relatively limited exploration activity in this market segment in 2021 only reinforces the need for governments across the country to work collaboratively on policy tools that boost Canada's ability to become the supplier of choice in the transition to a low-carbon future.

In light of the above, it was encouraging to see the federal government's intention to invest in the following years $3.8 billion in developing a supply chain for critical minerals. Following the recommendations of PDAC and other industry stakeholders, this amount will include $400 million to increase the rate of the Mineral Exploration Tax Credit (METC) from 15% to 30% if the exploration is for critical minerals (CMETC).

With both modest and significant gains being made in various sectors throughout 2021, this truly was a critical year for the minerals industry.

The trends established in 2021 – robust metal prices, upswings in equity investment and exploration activity set the stage for a positive start to 2022 for the mineral industry. However, recovery from the COVID-19 pandemic continues to stress global supply chains, and economic imbalances has driven inflation to levels not seen in a generation. These strains, along with current geopolitical instability, has led to a quick reversal of last year's positive trends, and created headwinds for economies around the world. The longer-term outlook for Canada's mineral industry, however, can look towards increasing support from the Federal Government based on the industry-specific proposals in Budget 2022. In particular, the new Critical Minerals Exploration Tax Credit should help to protect Canadian competitiveness as costs climb, and help spur domestic exploration to uncover the minerals needed to power a clean future.

PDAC 2022 CONVENTION

THE EXCITING IN-PERSON RETURN OF THE WORLD'S PREMIER MINERAL EXPLORATION & MINING CONVENTION

This year's in-person return to PDAC's annual event showed first-hand that the industry is thriving. Celebrating its 90th year, PDAC welcomed 17,445 attendees travelling from 120 countries, marking the 2022 Convention a success.

From executives to geologists, investors to analysts, Indigenous leaders, government officials, students and more, this year's event – hosted between June 13 and 15 – was an important return to the global event held annually in Toronto. With a rising hunger for physical events after two years of uncertainty, the industry at large is moving forward with enthusiasm.

> The PDAC Convention is iconic for the world's mineral exploration and mining industry...it is an event that simply cannot be missed.
>
> **- Alex Christopher**
> PDAC President

PDAC's President Alex Christopher reflected on the changes seen in this space, and remarked on the amount of energy from the sold-out Trade Show and Investors Exchange areas within the convention. "*Like most of the world, the mineral exploration and mining industry faced a variety of challenges during the pandemic, and yet its significance and resilience has remained admirable, and that pride was on full display at the PDAC 2022 Convention*".

Highlights from the convention in Toronto include:

- Record attendance at the Opening Ceremonies, followed by captivating programming and standing-room-only crowds.
- PDAC 2022 Awards were given to six recepients in the industry who demonstrated outsanding achievements in the past year.
- High attendance and engaged conversations at the Indigenous Program, including a session on navigating UNDRIP the right way.
- Expanded Keynote Program featuring presentations from industry experts on commodities, the mineral outlook, technology and new discoveries.
- WiM's annual Mining for Diversity Reception on June 14 and the launch of International Day of Women in Mining on June 15.
- PDAC, in partnership with the World Economic Forum, hosted the seventh annual International Mines Ministers Summit (IMMS), bringing together 20 Ministers from around the world to discuss the mining industry's role in reducing global emissions.

Inside the Metro Toronto Convention Centre was an exceptional lineup of programming where attendees engaged in important conversations around diversity, equity, Indigenous inclusion, critical minerals, sustainability and the industry's global responsibility to help transition to a zero-carbon future.

While PDAC 2022 was held in June – because of ongoing public health restrictions in Ontario that made planning a March event impossible, at the time – next year's convention will return to its traditional March schedule (March 5-8, 2023) to realign with industry and market forces.

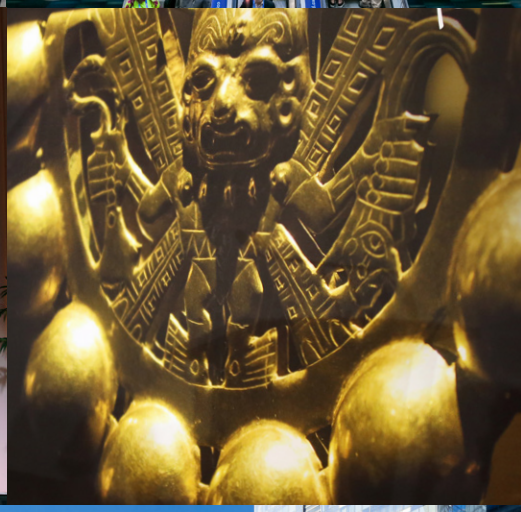
The following pages are photos and stats that highlight the energy, people and events that made PDAC Convention 2022 a success.

17,445
ATTENDEES

120
COUNTRIES

29.5%
INTERNATIONAL ATTENDEES

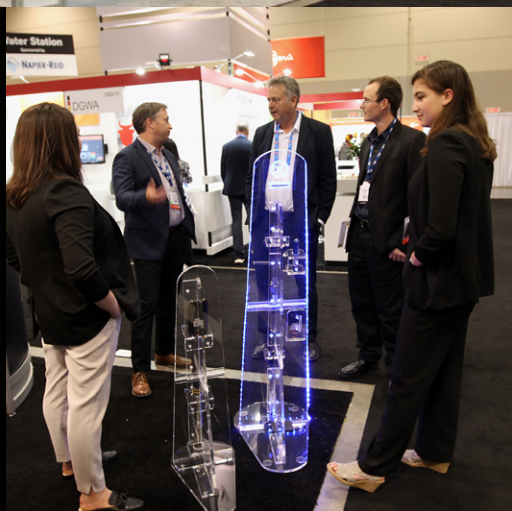
Outside of Canada, the largest number of attendees came from the **United States, Australia, United Kingdom, Peru, Argentina, Chile, Brazil, Mexico, Germany, Ghana, Mongolia and France.**



664
TRADE SHOW
BOOTHS

344
TRADE SHOW
EXHIBITORS

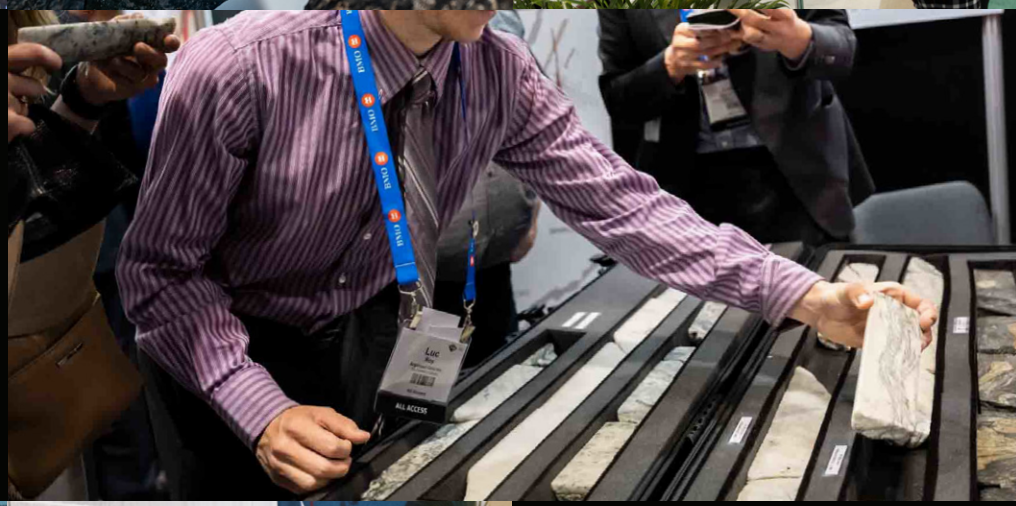
41
GOVERNMENTS
EXHIBITING



386
INVESTORS EXCHANGE BOOTHS

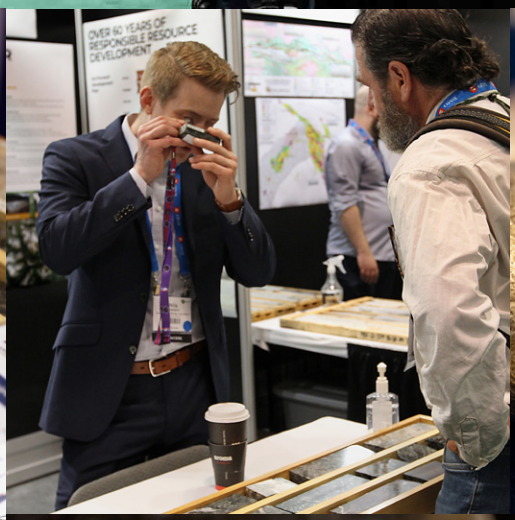
361
EXHIBITING ORGANIZATIONS

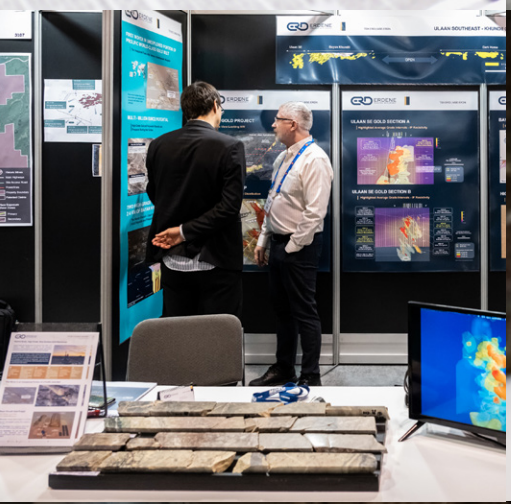
15
PROSPECTOR TENT BOOTHS

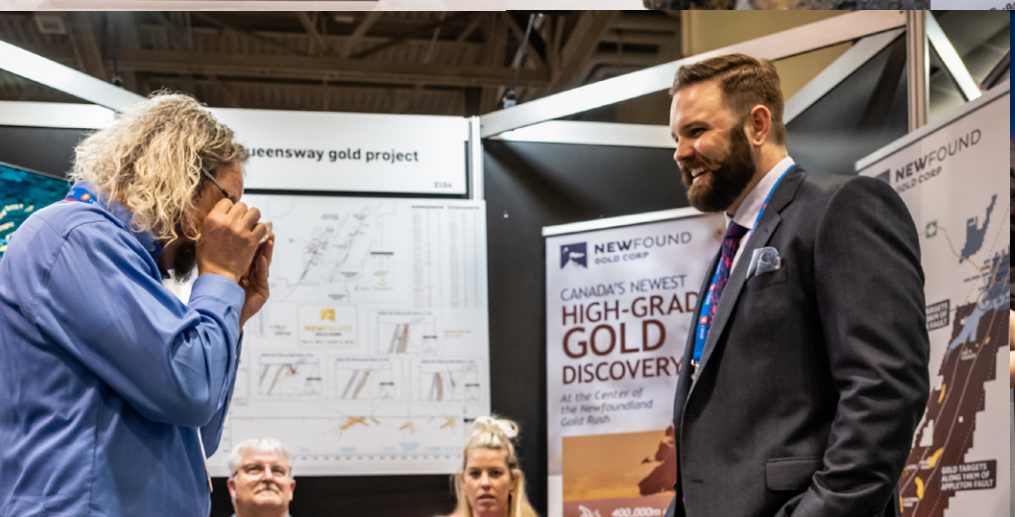


1,293
INVESTORS

20
CORE SHACK EXHIBITORS







265
SPEAKERS

4
SHORT
COURSES

4
KEYNOTE
SESSIONS

PDAC
PDAC 2022 ONLINE CONVENTION JUNE 28-29
Thank you to the 17,445 attendees who joined us in person.
It's not over yet - join us online!
DON'T MISS IT

GOING VIRTUAL

The excitement continued in 2022 as PDAC hosted two full days of online programs, speakers, virtual tours and sessions for the Online Convention.

With the positive reception received from 2021's online-only convention, PDAC decided to host another comprehensive digital experience for those who were not able to travel to the in-person convention. This marked the first time ever in its 90-year history that the PDAC Convention was held both in person and online.

"The PDAC Convention is about connecting people, and that means offering a platform that allows the broader international mining and exploration community who may not be able to travel to Toronto to still have access to the latest industry news, trends, and developments through our extensive programming", says Lisa McDonald, PDAC Executive Director.

Between June 28 and 29 the PDAC Virtual Convention produced a customized platform where participants could experience live events, navigate through exhibit halls, network with colleagues, and join sessions filled with captivating speakers.

The online content – including videos, recordings of sessions during the in-person convention and exhibits – could be viewed a full month after the event, up until July 29. This digital experience was also made available to All Access Pass holders who attended the in-person Convention in Toronto.

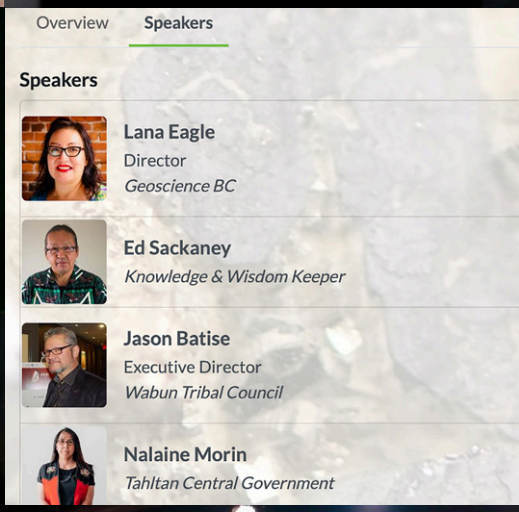
The following pages are images and screenshots from PDAC's 2022 Online Convention.

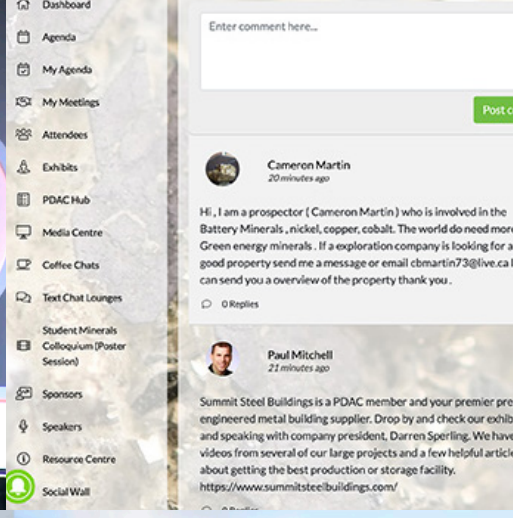
THE SESSION WILL BEGIN SHORTLY

Use “chat” to communicate with your peers!

JUNE 28-29
2022

EXECUTIVE SPOTLIGHT
&
INTERNATIONAL STAGE

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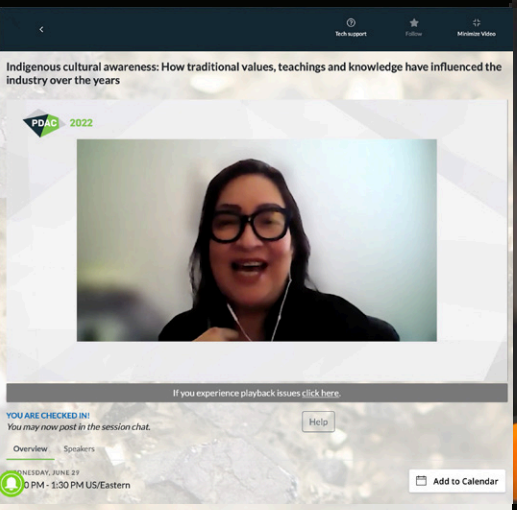
Indigenous cultural awareness: How traditional values, teachings and knowledge have influenced the industry over the years
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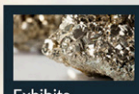
Welcome to PDAC 2022! We are excited for you to share in the online portion of our event. Please find some quick links below.

Opening Remarks

Hear PDAC Executive Director, Lisa McDonald share highlights of the day ahead.



Exhibits

Stop by the Exhibit Hall because you don't want to miss what our exhibitors have in store for you.

Coffee Chats

Grab a coffee and join us for Online Coffee Chats twice daily at 10:00 am & 6:30 pm ET.

Photo Gallery

In honour of PDAC Convention's 90th anniversary, explore a visual history of exploration and development across Canada.

COFFEE CHATS & SHORT COURSES

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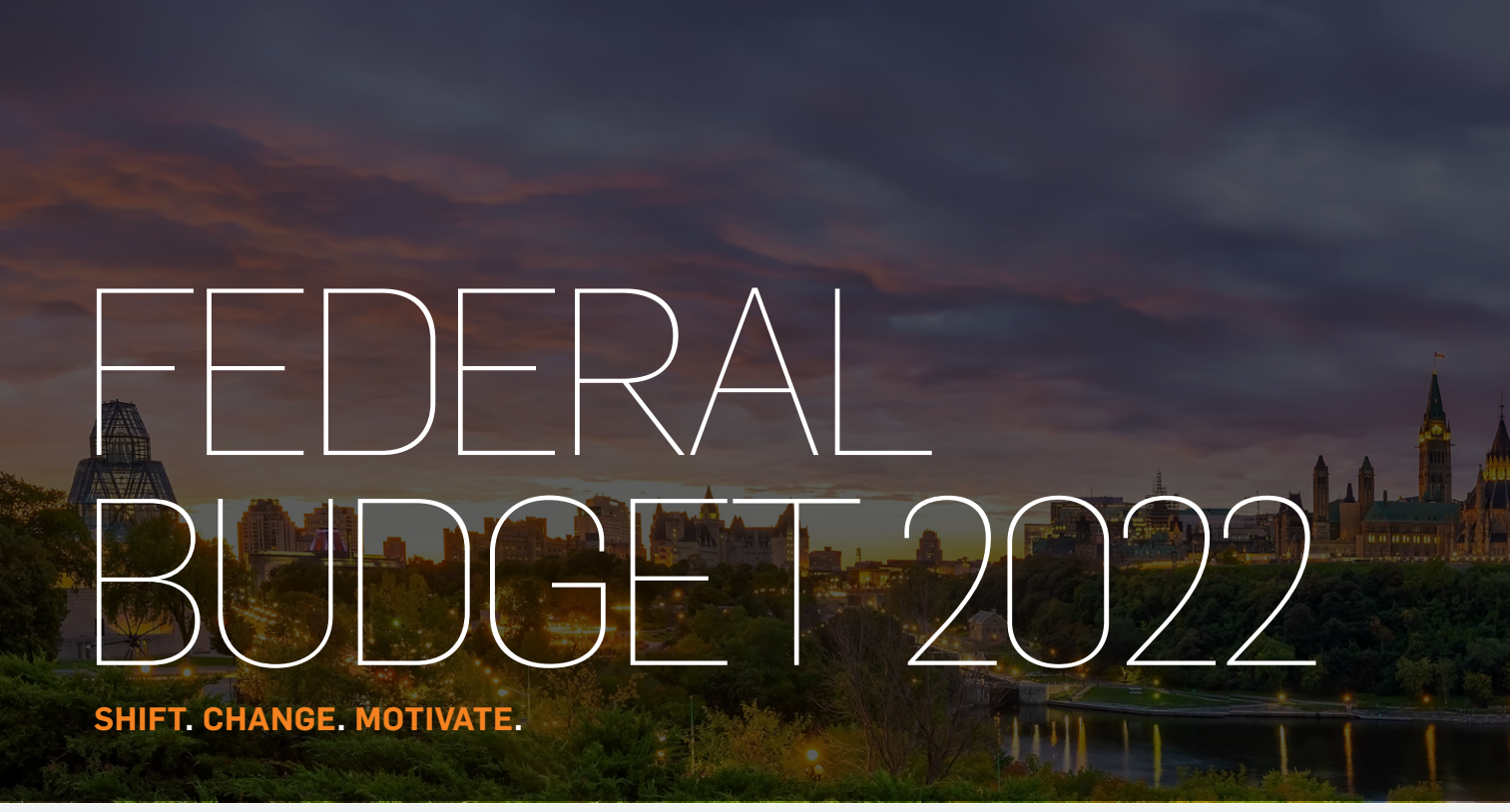


FEDERAL BUDGET 2022

SHIFT. CHANGE. MOTIVATE.

They say that necessity breeds invention. With a relatively short deadline on a set of environmental protection goals recently introduced in Canada, necessity is also the catalyst we need to shift public viewpoints, spark change in government policies and motivate rapid innovations.

Both the provincial and federal governments – as well as the Canadian public at large – have begun to recognize that we must take action now to meet our environmental commitments to preserve nearly one-third of our land and oceans by 2030, and transition to net-zero carbon emissions by 2050. To help realize these commitments – detailed under the "Canadian Net-Zero Emissions Accountability Act", which became law on June 29, 2021 plus the "2030 Emissions Reduction Plan " enacted this year (2022) – PDAC has strongly advocated for more significant investment into the critical minerals industry.

Critical minerals are essential to the production of emerging clean energy technologies, which makes the Canadian government's investment in them a priority.

Within Federal Budget 2022 we are now seeing the kinds of proactive economic strategies necessary to fuel positive change. This is perhaps the first time we have witnessed the Government of Canada include significant funding and legislative commitments that aim to build up Canada's critical mineral ecosystem.

Importantly, Budget 2022 outlines $3.8 billion in dedicated funding over the next eight years to support implementation of Canada's Critical Minerals Strategy, which is one of the most significant industry investments ever made by this government.

Within this, $400 million is committed towards PDAC's top recommendation to establish a 30% Critical Minerals Exploration Tax Credit (CMETC) to incentivize investment into Canadian projects.

Some of the most substantial industry-related commitments included in Budget 2022 are:

- Up to $1.5 billion over seven years for infrastructure investments that would support the development of the critical minerals supply chains, with a focus on priority deposits.
- $79.2 million over 5 years for Natural Resources Canada to provide public access to integrated data sets to inform critical mineral exploration and development.
- $103.4 million over five years for the development of a National Benefits-Sharing Framework for natural resources and the expansion of the Indigenous Partnership Office and the Indigenous Natural Resource Partnerships program. A minimum $25 million of this will go towards early engagement and capacity building.
- Introduction of a new 30% Critical Mineral Exploration Tax Credit (CMETC) for specified mineral exploration expenses incurred in Canada and renounced to flow-through share investors.

The flow-through share mechanism and mineral exploration incentives are foundational for Canadian companies and help to attract more investment capital towards domestic projects than any other country. **In 2021 alone, flow-through shares and the METC were the source of more than $1 billion of investment into Canadian mineral exploration projects.**

Over the last decade, only a very small proportion of annual exploration spending has gone towards lithium, cobalt or REEs in Canada when compared to precious or base metal activity. As well, there have been few new critical mineral deposits discovered. Budget 2022 provides an opportunity for improvement in those priority areas. This is crucial because for Canada to be successful in transitioning to a low-carbon future by 2050 – as well as becoming the global supplier of choice for the minerals and metals needed to effect such a change – we must increase our inventory of economic and socially viable critical mineral deposits. The new CMETC incentive included in the Budget should help spark exploration in the critical minerals spectrum, and lead to new discoveries.

The Budget's further commitment to infrastructure, a National Benefits-Sharing Framework, and the integration of public access data, will go a long way in supporting inclusive and evidence-based processes around mineral development. Improving access to enhanced geoscience data for the public, Indigenous peoples, industry, and within governments of all levels can lead to a more informed and sound approach to land management.

With this, important questions can be answered – questions that are currently being asked because data is inaccessible, or difficult to obtain. For example, '*What regions have the greatest prospects for critical minerals discovery where environmental, ecological and cultural impacts can be most minimized?*', '*Where should we look to accelerate access to hydroelectric or alternative energy sources?*', '*Where can public and private investments have the most meaningful social and economic impacts?*', or '*Where should engagement and consultation with Indigenous peoples be prioritized or expanded?*' Transparent data can facilitate more evidence-based and inclusive decision-making processes with respect to conservation, mineral exploration, and infrastructure development. Which in turn should attract the investment needed to fill gaps that currently exist in Canada's mineral supply chain.

Budget 2022 also proposes establishing a new $15 billion Canada Growth Fund over the next five years. For every dollar in public funds invested, the Canada Growth Fund will aim to attract three dollars from private investment.

On a holistic level, the Fund aims to:

- Diversify our economy and bolster our exports by investing in the growth of low-carbon industries and new technologies across new and traditional sectors of Canada's industrial base.
- Reduce emissions and contribute to achieving Canada's climate goals.
- Support the restructuring of critical supply chains in areas important to Canada's future prosperity, including our natural resources sector.

The industry-related commitments noted in Budget 2022 are necessary first steps to help identify future domestic sources of critical minerals, expand processing capabilities that will reduce our reliance on international sources, and capture more value-added activities within the Canadian economy.

These commitments are why supporting the implementation of Budget 2022 will be a focal point for PDAC moving forward. We will remain engaged with the Canadian government by providing input as to how funding and support programs should be rolled out to the public. For example, new legislation is needed to enact the CMETC incentive, and other spending commitments will have to occur over the next several years.

With careful and considerate implementation, Budget 2022 could be the first meaningful step Canada takes in building up our critical mineral ecosystem, and chart a path towards lower emissions with a truly independent clean energy network.

> With this, important questions can be answered – questions that are being asked because data is currently inaccessible, or difficult to obtain.

CARIBOU, COMMUNITY & ENVIRONMENTAL PROTECTION

PUTTING CONSERVATION INTO PRACTICE

> You can't determine the real cause of something you can't monitor.

For decades there has been a national collective effort to study caribou populations in order to protect these majestic creatures.

Increased predator populations, and both natural and human related habitat disturbances, have been identified as key impacts. Governments, Indigenous groups, research organizations, plus industry and conservation experts continue to work to identify population impacts in order to respectfully and collaboratively combat them.

In an effort to provide solutions to mitigate mining and development project impacts to Canada's caribou populations, PDAC completed their Caribou Management Strategies: Best Practices for the Mineral Industry study, in the summer of 2021. The study compiled and compared research undertaken by several mining and exploration companies operating in Canada, who were each analyzing the impact of their activities on caribou populations. Led by a third-party consultant, research was informed by company case studies – outlining industry-leading practices from operations of various sizes and jurisdictions.

PDAC 2022 Sustainability Award recipients Sabina Gold & Silver were key contributors to the study. They have committed to some of the most robust protective measures for caribou and the environment with their monitoring and mitigation plans on their Back River Project in Nunavut.[i]

Q&A with Sabina Gold & Silver's Matthew Pickard

Now, one year after the study's launch, we sit down with Matthew Pickard, Sabina Gold & Silver's Vice President, Environment and Sustainability, and co-chair of the Lands & Regulations Committee at PDAC to learn more about how Sabina puts their protection measures into practice.

PDAC: Why are caribou such important animals?

MATTHEW: Caribou are important from both an ecological and Indigenous perspective. Inuit commonly rely heavily on traditional foods such as caribou, fish and marine mammals. As such, it is important to ensure that our activities do not have a negative impact on traditional food sources – particularity the caribou population.

PDAC: What are the key elements of Sabina's protection measures?

MATTHEW: Sabina utilizes a "herd vulnerability score" which helps assess the level of protection needed for a specific caribou herd. Based on that information, the time of year, the number of caribou observed and the distance the caribou are from site, Sabina monitors and may decrease – or completely stop – certain activities to allow caribou the time to move through the site and ensure our activities don't have an impact on the herd.

PDAC: How were these developed?

MATTHEW: Sabina's caribou protection measures were developed using both science and Inuit traditional knowledge. Whenever possible, protection measures were established with agreement from Inuit, the government and the company.

Not only were our protection plans developed collaboratively, they are also updated annually and provided for review to other parties. We also provide annual updates as part of our regulatory reporting and community engagement, and then take feedback and integrate that into future versions of the plans.

PDAC: How can we balance solutions informed by both science and Indigenous traditional knowledge?

MATTHEW: Over my 18 years of working in Nunavut, I've seen close alignment between science and traditional knowledge. When you get them together, and lay them over top of one another, they can tell a similar story. In the case of traditional knowledge, that information goes back a lot further than science does in Canada's north. So, there is not really a balancing, rather an alignment of information that help support the assessments, monitoring and mitigation methods.

PDAC: Have you seen any changes in population or patterns of migration among herds?

MATTHEW: In general, most caribou herds modify their use of the land over time. Caribou herds in our area continue to shift their activities in different ways. In 2021 they moved in closer proximity and had larger numbers crossing through our site than we have experienced in previous years.

One day in the summer, site personnel woke up to caribou everywhere – on the helipads, by the tents, on the pads, on the airstrip – all over. They had moved in during the night and bed down to take a break during their migration. Staff knew the procedures and notified the proper people and advised all personnel to standby and wait. Within a few hours they got up peacefully and went along on their way.

Most commonly I don't think they avoid us at all, I think they come and go. They will change their use of the land for many reasons – predation, lack of vegetation, or general preference.

PDAC: How can other juniors develop their own protection measures?

MATTHEW: The first step is to collect appropriate traditional knowledge and necessary science. You don't have to have all the answers right away, but you do need a base established for your protective measures. Really look into how your activities may affect the caribou in your area, what time of year it is and the level of heard sensitivity. Work with government and Indigenous community partners to come up with a plan to properly mitigate and monitor effects. You may not get it right the first time and experience setbacks. At that point, simply change your mitigations based on activity or changes in the herd. Adaptively manage your activities or the protection measures. Finally, be sure to communicate effectively and transparently on what you are doing and how the herd is responding.

> In the case of traditional knowledge, that information goes back a lot further than science does in Canada's north.

PDAC: How do you measure the success of your protective measures?

MATTHEW: The ultimate objective is to limit the effect on the caribou heard to ensure we don't have an effect on the population. You are not trying to show an improvement, rather you are trying to show that even if they change their use of land, that it does not impact the herd.

If they decide they want to go around us, if they decide they want to calf on top of us – success is shown by us not affecting the overall heard population and demographics.

The second part to this is communicating our successes, and potential failures, effectively. This can be done by monitoring, submitting reports and sampling through government or Indigenous observers. There are different ways, but you want to make sure that all parties agree on the approach and are updated and aware that the mechanism works.

PDAC: Are there any knowledge gaps that still exist in informing protection decisions? What else is needed by government or industry?

MATTHEW: The largest gap of information that generally exists is a population-level understanding of caribou herds over an extended period. While this has improved over the past 5-10 years, it is difficult to determine if you have an effect on the population if you do not know what you are comparing it against. In general, there are too many unaccounted variables and is it difficult to isolate for single and cumulative impacts.

You can't determine the real cause of something you can't monitor. You can guess that a herd's population has dropped, but there will always be people that say it was because of mining, over harvesting etc. It is tricky to assess the real cause of the decreases when you are dealing with something so remote. You are not dealing with a contained fish population in a lake surrounded by cottagers where you can observe every impact on a continuous basis. With the exception of government satellite collars, caribou are out of touch with people for 99% of their lifespan.

Ultimately sharing data and ensuring everyone is doing their part and working together to protect caribou is vital. Government should continue to work with Indigenous groups and industry to ensure parties have all available pieces of information to assess the herd to determine how well protection measures work.

> "You don't have to have all the answers right away, but you do need a base established for your protective measures."

Sabina created a robust step-by-step plan for management of their own projects to identify herd vulnerabilities and detail protection measures with actionable items.

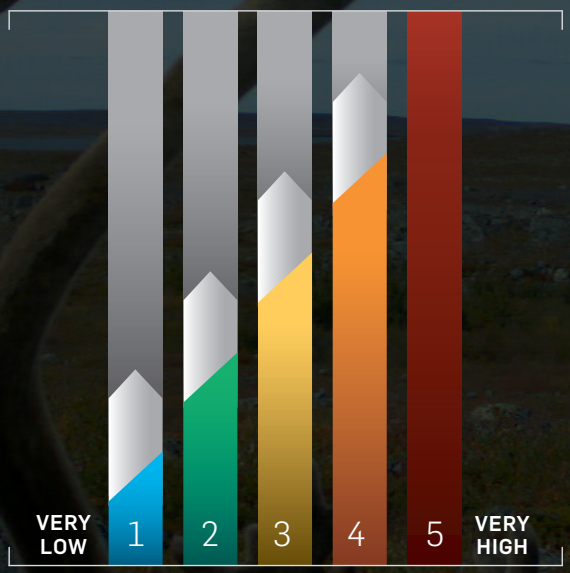
Below is a graphic based on Sabina's own Herd Vulnerability management approach.

HERD VULNERABILITY: MANAGEMENT APPROACH

1 MONITORING INDICATORS

- SEASONAL DISTRIBUTION & RANGE USE
- POPULATION SIZE & TREND
- HERD PRODUCTIVITY
- HERD HEALTH
- HARVEST
- RANGE QUALITY, QUANTITY & AVAILABILITY
- PREDATORS & INSECTS
- HUMAN-CAUSED DISTURBANCE
- WEATHER & CLIMATE

2 HERD VULNERABILITY SCORE



3 MANAGEMENT ACTIONS AT THE PROJECT

The project will be managed based on the herd vulnerability score.
Management actions will be more stringent when herd vulnerability is higher.

To learn more about how you can develop your own protection measures, visit PDAC's Caribou Management Strategies webpage at pdac.ca/priorities/access-to-land/caribou-management-strategies.

[i] https://www.sabinagoldsilver.com/news/sabina-gold-and-silver-provides-update-on-permitting-for-the-back-river-gold-project-nunavut-canada

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